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FENNEMORE CRAIG, P.C.  
A Professional Corporation  
Patrick J. Black (No. 017141)  
Jennifer Benoit (No. 026197)  
3003 North Central Avenue  
Suite 2600  
Phoenix, Arizona 85012  
Telephone (602) 916-5000

Attorneys for H2O, Inc.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF H2O, INC. FOR AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY TO PROVIDE WATER  
SERVICE IN PINAL COUNTY, ARIZONA

DOCKET NO. W-02234A-07-0371

**MOTION FOR EXTENSION OF TIME TO  
COMPLY WITH DECISION NO. 70207**

**I. Introduction**

H2O, Inc. ("Company") hereby submits this Motion for Extension of Time to Comply with Decision No. 70207 (March 20, 2008). Decision No. 70207 ("Decision") gave the Company until March 20, 2011 to file a copy of the Arizona Department of Environmental Quality Approval to Construct and the Arizona Department of Water Resources Certificate of Assured Water Supply. The Approval to Construct was filed concurrently with this Motion. However, as explained below, the extraordinary economic conditions that currently exist within the state of Arizona have prevented development within the Company's Certificate of Convenience and Necessity ("CC&N") and, therefore, the Company is requesting an extension of the time required to file the Certificate of Assured Water Supply.

**II. Background**

On June 15, 2007, the Company filed with the Arizona Corporation Commission ("Commission") an application to extend its CC&N to provide water service to a 320 acre area in Pinal County, Arizona. The extension area is comprised of two parcels, a school parcel and a residential parcel. The school parcel is situated in the northern and Midwest portion of the

1 CC&N extension area, and the residential parcel comprises the remainder. The entire extension  
2 area is Arizona state trust land administered by the Arizona State Land Department ("ASLD"). In  
3 order for the residential parcel to be developed, ASLD must sell it to a developer.

4 On January 17, 2008 a hearing was held on the Company's application. At the hearing,  
5 Mr. Donald Schnepf, President of the Company, testified that development of the residential  
6 parcel will begin at some future date after the ASLD sells the parcel. The residential parcel will  
7 be surrounded on all four sides by the Company's CC&N. Mr. Schnepf also testified that the  
8 Company has difficulty complying with the requirement to timely file a Certificate of Assured  
9 Water Supply because this requirement is contingent upon the ASLD actually selling the  
10 residential parcel to a developer. And then, after it is sold, it is the developer – and not the  
11 Company – who must obtain the Certificate of Assured Water Supply. In light of current  
12 economic conditions, the sale and development of real estate throughout Arizona has been  
13 significantly arrested. The Company's extension area is no different, and the residential parcel is  
14 still owned by ASLD. No development has taken place.

15 In the Decision, the Commission acknowledged the difficulties facing H2O because of the  
16 current state of the economy in general and the housing market in particular. Dec. No. 70207 Pp.  
17 7-8 (March 20, 2008). The Commission also stated that it is "very unlikely that another public  
18 service corporation would desire to provide water utility service to the residential area [within the  
19 extension area]." Dec. No. 70207 Pp. 7 (March 20, 2008). In light of these circumstances, the  
20 Decision gave the Company three years to comply with the requirements of the Decision with the  
21 understanding that the Company would request an additional extension if development had not  
22 taken place within the three years.

### 23 **III. Conclusion**

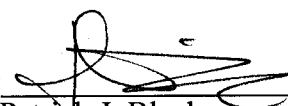
24 Accordingly, the Company is requesting that the deadline to file a copy of the required  
25 Certificate of Assured Water Supply be extended to March 20, 2014. Such an extension should  
26 provide the ASLD the time needed to sell the property and the Company the time needed to work

1 with the potential developer to obtain the compliance item.

2 RESPECTFULLY SUBMITTED this 18th day of March, 2011.

3 FENNEMORE CRAIG, P.C.

4  
5 By

  
Patrick J. Black  
Jennifer Benoit  
Attorneys for H2O, Inc.

6  
7 ORIGINAL and 13 copies filed this  
8 18th day of March, 2011, with:

9 Docket Control  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 COPY hand-delivered this 18th day of March, 2011:

14 Janice Alward, Chief Legal Counsel  
15 Legal Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Steve Olea, Director  
20 Utilities Division  
21 Arizona Corporation Commission  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007

24 Brian Bozzo, Compliance  
25 Utilities Division  
26 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Carmel Hood, Compliance  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

24 By: 

25 2404515.1/46327(001)